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Office for Information
Technology Policy

EX PARTE OR LATE FILED

ALA American Library Association

October 22, 1996

Mr. William F. Caton
Secretary Federal Communications Commission
Room 222
1919 M Street, NW
Washington, DC 20554

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RE: CC Docket 96-45, Federal-State Joint Board on Universal Service

Dear Mr. Caton:

Today, the American Library Association sent a letter to Commissioner Julia Johnson in response to her request for excerpts from the ALA and EDLINC filings in CC Docket 96 - 45 addressing block grants and vouchers. A copy of the letter and attachments is enclosed.

Please file this notice and enclosures in this proceeding.

Sincerely,



J. Andrew Maggiantay
Director, Office for Information Technology Policy
American Library Association

Enclosures

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**Office for Information
Technology Policy**

ALA American Library Association

October 22, 1996

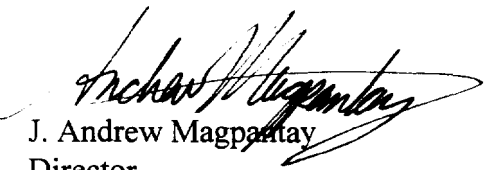
The Honorable Julia Johnson
Commissioner
Florida Public Service Commission
Capital Circle Office Center
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

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Commissioner Johnson:

At the meeting with the members of EDLINC last September 26, you had requested the excerpts from the ALA and EDLINC filings in CC 96-45 dealing with block grants and vouchers. I am enclosing the excerpts from ALA's and EDLINC's filings that deal with this. I am also including some editorial pieces you might find of interest. If you have any questions or wish additional information please do not hesitate to call.

Sincerely,


J. Andrew Magpantay
Director
Office for Information Technology Policy
American Library Association

attachments

CC: William F. Caton

Excerpts from ALA filings on CC 96-45
October 21, 1996
Page 1

**American Library Association's Comments to Federal Communications Commission
CC Docket 96-45, Federal State Joint Board on Universal Service, April 10, 1996.
Page 22**

Terms and Conditions for Libraries.

Bona Fide Request. The Commission's suggestion that any person qualified under State or local law to order telecommunications services for schools or libraries be deemed capable of making a "bona fide request" for discounted services seems simple and reasonable. However, the Commission should recognize that this may include persons not directly connected with schools or libraries, such as officials in library or educational networks, state government procurement offices, or telecommunications departments.

Similarly, the suggested certification requirement is also sufficient to ensure compliance with library eligibility conditions--that a library not operate as a for-profit business, and that it is eligible for participation in state-based applications for library services and technology funds under Title III of the Library Services and Construction Act.

**American Library Association's Reply Comments to FCC
Re: CC Docket 96-45, Federal-State Joint Board on Universal Service, May 7, 1996.
Page 12-13.**

- 5. Certification and eligibility requirements should not be onerous, should provide accountability, and should include libraries and schools that participate in cooperative network arrangements.**

The certification procedures proposed by NYNEX and others are defective and unworkable.

- 5.1 By inserting another layer of eligibility for libraries and schools to qualify for discounts, the NYNEX certification plan runs counter to the intent and wording of the law**

The law requires offering discounts on special services to any "bona fide" request. ALA takes that language to mean that the request is from an authorized official of an eligible institution and nothing more. Discounts should not be administered as a grant program, in which recipients must apply and have their application reviewed according to some Federally established standards. In fact, the proposed certification plan even requires the establishment of a new federal government entity without a single word of authorization appearing in the Act and without reference in the legislative record.

- 5.2 The NYNEX plan transfers decision making that properly belongs at the community level**

Excerpts from ALA filings on CC 96-45

October 21, 1996

Page 2

to state and federal levels

The purpose of libraries is to meet the diverse information needs of the communities they serve. These needs can vary enormously according to geography, economics, demography, and other characteristics of those communities. Consequently, the information technology needs of those communities will also be quite diverse, as NYNEX argues persuasively in its own filing. Libraries are accountable to their own local boards to see that the services and information resources they offer are appropriate to their local communities. The proposed certification process, based on approval by comparing local plans with a "national vision," would take those decisions out of the hands of local boards and librarians, where accountability belongs, and place them at the mercy of state and federal bureaucracies.

The principal effect of the Joint Board/ FCC's ruling should be to empower, not disempower local decision making. The NYNEX plan would have the opposite effect.

American Library Association's Comments to FCC on Questions in Public Notice of July 3, 1996. Re: CC Docket No. 96-45, Federal-State Joint Board on Universal Service.

Page 12-13

12. Should discounts be directed to the states in the form of block grants?

And

13. Should discounts for schools, libraries, and health care providers take the form of direct billing credits for telecommunications services provided to eligible institutions?

Answer: ALA strongly oppose these approaches that have been proposed by some respondents.

In the first place, these approaches are counter to the intent and words of the Act, which explicitly calls for discounts. The law states in Section 254 (h) (1) (B) that "All telecommunications carriers ... shall, upon a bona fide request..., provide such services to elementary schools, secondary schools, and libraries...at rates less than the amounts charged for similar services to other parties." This language is quite specific and was arrived at after careful consideration of alternative approaches.

Furthermore, these approaches would institute a cumbersome, top-down process for allocating credits or funds in place of a bottom-up, consumer-driven system of discounts. Discounts encourage flexible implementation of new technology and empower local libraries and school systems to develop solutions most appropriate for their own needs and technological environment. At the same time, they promote accountability, since libraries and schools will still be investing a substantial amount of their own resources, for ongoing communication costs, for capital costs, and for human resources.

Excerpts from ALA filings on CC 96-45

October 21, 1996

Page 3

14. If the discounts are disbursed as block grants to states or as direct billing credits for schools, libraries, and health care providers, what, if any, measures should be implemented to assure that the funds allocated for discounts are used for their intended purposes?

Answer: The apparent need for such measures is a good example of why ALA opposes block grants or any such top-down distribution. As stated above, ALA believes that sufficient accountability would exist in a discount program without the need for top down or centralized oversight.

15. What is the least administratively burdensome requirement that could be used to ensure that requests for supported telecommunications services are bona fide requests within the intent of section 254(h)?

Answer: The eligibility requirement for libraries stated in the Act is that they be eligible for participation in state-based plans for Title III of the Library Services and Construction Act (20 U.S.C. 335c et seq).¹ No additional criteria are specified. This is the basis for the ALA recommendation that any request for services from a duly authorized individual in that library should constitute a bona fide request under the terms of the Telecommunication Act.

Should additional verification be necessary, the state library agency that administers LSCA funds would certainly be able to verify whether or not a library is, in fact, eligible for such funding.

¹ Section 254 (h) (4). (The wording in the bill is actually a negative construction, saying first that carriers shall provide services to libraries, then saying that libraries not eligible for Title III funds are not eligible for such discounts. This wording is equivalent to our statement above that any library eligible for Title III funds is eligible for discounts.)

**EDLINC's Comments to Federal Communications Commission on
Questions in Public Notice of July 3, 1996. RE: CC Docket 96-45,
Federal State Joint Board on Universal Service.**

telecommunications services in many underserved communities across the country.

Aggregation has also led in many cases to the purchasing of package deals which include services that, while furthering the telecommunications goals of the educational entities, might not be eligible for discounts under the Act. In these arrangements, schools are better able to serve their constituencies because of the mix of partners in the consortium and the broad variety of services that these partners need.

Finally, consortia are better equipped to deal with the ongoing costs of financing and supporting a telecommunications service. While the ongoing technical support and training costs associated with a network might be more than a school can support on its own, distributing these costs among the members of a consortium is a proven method of supporting these ongoing costs.

12. Should discounts be directed to the states in the form of block grants?

Answer: No. Although block grants might be considered an advantage in the short term, since they would provide schools with funds to "jump start" their telecommunications programs, in the long term schools will be better served by a true discount program. Under a block grant approach, schools and libraries will be unable to sustain their telecommunications initiatives for the long haul, for two reasons. First, once the initial funds have been distributed users will again

be faced with unaffordable rates. Second, users will be unable to plan for future use -- not to mention expansion -- because they will not know with any certainty how much funding they will have to pay for future telecommunications needs.

A true discount program, on the other hand, would encourage competition and diversification in the industry, because the educational market would be treated as a new niche. Schools and libraries have specific needs, different from those of other users, and the size of the educational market would encourage a large number of providers to try to deliver the specialized services the market requires. Thus, a long-term discount program will encourage the development of an entire new industry segment.

In addition, for the reasons stated in our Reply Comments at pp. 6-8, Section 254(h) does not permit the use of a block grant mechanism. The law requires discounts on rates paid by schools and libraries. The law also calls for reimbursement to carriers, not to the institution requesting service. The law says nothing about channelling money through the states, or about capping the amount of money available. Congress is fully aware of the difference between "universal service" and a block grant, and the law calls for universal service, not block grants.

Finally, a block grant program would not achieve the goal of universal service. Instead, it would merely aid those institutions that put together the best grant applications -- generally, those institutions would be those that already have ample resources.

13. Should discounts for schools, libraries, and health care providers take the form of direct billing credits for telecommunications services provided to eligible institutions?

Answer: Discounts for schools and libraries should take only one form: true discounts. A discount is a reduction in the price of something; a credit is the application of a sum towards an existing debt or account. While they may have the same effect in some circumstances, they are not the same thing.

In addition, the use of billing credits would undermine the purposes of Section 254. The statute calls for approving universal service; it does not call for establishing a set fund that will then be used to give institutions vouchers or chits that they can use to defray some of the costs of obtaining telecommunications services. The law calls for schools and libraries to get discounts, which means that they should receive lower rates on all services that are covered by Section 254(c)(3) that they may request. Congress is very familiar with voucher programs and if the intention had been to establish a mechanism under which schools and libraries received credits which they could then apply towards the cost of services, Congress could and would have said so.

Furthermore, vouchers do not ensure the affordability of services, which is what Congress intended -- indeed, affordability is the hallmark of any universal service plan. Congress did not intend to create a capped entitlement or a grant-in-aid program, but to ensure affordable access, which means discounts off all

rates for eligible services. Vouchers would be useless if applied to a high commercial tariff or other inflated price.

Vouchers also do not address the different functionalities that different schools need. Schools will decide on their own what services and functionalities they need -- vouchers applicable to a set list of services will not give all schools the flexibility they require in establishing their telecommunications plans. All schools do not need or want all services equally. Discounted rates, on the other hand, will give all schools the benefits they need, across the board. Vouchers will offer only targeted benefits, and may actually be mistargeted.

Finally, the distribution of vouchers is likely to put the Commission and the Joint Board squarely in the middle of a very visible dispute over the formula used to determine who gets the vouchers and how much they will be worth. This would be foolish, especially when the fight could be avoided simply by complying with the intent and letter of the law.

14. If the discounts are disbursed as block grants to states or as direct billing credits for schools, libraries, and health care providers, what, if any, measures should be implemented to assure that the funds allocated for discounts are used for their intended purposes?

Answer: No such measures should be taken, because neither block grants nor direct billing credits should be adopted. Both alternatives violate the terms of the statute and should be rejected. Schools and libraries are entitled to true discounts from the

Harrisburg Patriot (PA)
Oct. 16, 1996

Make computer link accessible

Libraries and schools are where people could learn about Internet, provided telephone charges are not excessive

The concept of a public library is to provide access to books to those who can't afford to buy them and to make one-of-a-kind volumes available to a wide public.

As more and more information is stored in digital databases, rather than on the printed page, computer access becomes a critical issue for libraries and their users. While the number of personal computers is growing, the vast majority of homes in America still are not equipped to log on to the Internet, the international network from which many databases are accessible, or to connect to other on-line services.

According to the American Library Association, only 28 percent of the nation's public libraries, 9 percent of its public schools and 4 percent of private schools have Internet access.

The key reason is cost - and not just for computers and modems. Most schools and libraries pay commercial rates for telephone service, currently the predominant means of reaching on-line services.

In the Telecommunications Act of 1996 signed into law last February, Congress recognized the importance of providing public entrance ramps on the "information superhighway." The law that deregulates and fosters competition in the telecommunications industry mandates that a special discount be offered to schools and libraries to provide those ramps.

Now a joint board of federal and state utility regulators is writing rules to implement the Telecommunications Act. The board's recommendations are due at the Federal Communications Commission on Nov. 8, and the FCC in turn is to place the rules in effect by next May 8.

The Library Association has asked

the federal-state board to specify a discount rate for schools and libraries, comparable to the best commercial rate that phone companies and other providers of communications links offer other customers. It could be based on cost of service, plus a small markup.

Most important, the rate should be universal, so that schools and libraries in remote rural areas where only one company provides phone service aren't charged steep prices to make up for the deep discounts the company must make to stay competitive in cities where many providers offer telecommunications.

And while the Telecommunications Act covers only interstate service, it seeks to have regulations and rates within each state "harmonize" with those effective for service across state lines. That's why the federal-state joint board includes four commissioners from various state public utility commissions.

The revolution in telecommunications is perplexing for most Americans, if not intimidating. For the multitudes who are not "web surfers" - for whom the World Wide Web sounds more like a spy ring than an easy way to get around the Internet - the discussions about access and rates may seem alien and irrelevant.

Schools and public libraries are the two venues in which the technospeak can be reduced to simple language. People who now fear computers can go there to learn to use them to retrieve information that might make a difference in their lives.

If any telecommunications customers deserve a break, it is those schools and libraries that will keep the general public connected in the decades ahead.

A Nation Ponders Its Growing Digital Divide

OCT 2 1996 NYT DS

Weighing Costs of Information-Age Access for Every School and Library

By STEVE LOHR

The Warren County Library serves 7,000 people in rural Georgia. But the distance separating the community library from the information age is measured not in miles but in dollars.

Sandra Green, the librarian, has a total budget of \$38,000 a year that must pay for everything, from staff salaries to utility bills. The library has a three-year-old personal computer, but it is not linked to any networks.

"If we could get help to get on the Internet, it would be great," Ms. Green said. "If that ever happened, it would enlighten a lot of people here."

Ms. Green's hopes for crossing America's digital divide, and the hopes of many thousands of libraries and schools, rest with a little-known, eight-member board of Federal regulators and state officials. The joint board held its final meeting on Thursday in Washington, and by Nov. 7 it must recommend how to give libraries and elementary and secondary schools access to modern telecommunications services at discount prices.

The special treatment for libraries and schools is the result of an amendment in the Telecommunications Act of 1996, which was signed into law in February. These educational institutions, Congress decided, should be given subsidies so that people of all backgrounds, especially children, have access to the tools of information technology.

Without measures to insure access, many Senators and Representatives warned, telecommunications deregulation could well have the unintended consequence of widening the gap between society's haves and have-nots.

Yet while the amendment to help schools and libraries is sweeping in scope, the language is vague. It speaks of "enhanced services," which nearly everyone involved in the issue takes to mean Internet access. But it also discusses making services "affordable," which is an invitation for debate.

Congress left it for the joint board to wade through the intricate economics and politics of how to institute the preferred terms for schools and libraries — as well as overhaul the longstanding "universal service" provisions, a system of payments and subsidies to insure that telephone service is available to all the nation's households.

So the eight-person board is faced with somehow trying to determine how much help schools and libraries should get and at what cost. The board includes three members of the Federal Communications Commission, four state utility commissioners and the public counsel for Missouri, who is designated a consumer representative. The board's recommendations will form the basis for rules that the F.C.C. will issue by May.



Marilynn K. Yee/The New York Times

Going on line at the Flatbush branch of the Brooklyn Public Library at 22 Linden Boulevard. A national panel will soon recommend how the Government should help libraries gain more access to the information age.

Any educational discounts will eventually be paid for by taxpayers.

attracted attention at the highest level of the Government. President Clinton's frequently mentioned "bridge to the 21st century" is in good part a high-technology vision, with school children logging onto the Internet.

On Oct. 10, during a speech in Knoxville, Tenn., the President called on the joint board to give every school and library basic Internet service for free, which he called an "E-rate," or educational rate. "I urge the F.C.C. and the state regulators who have a say in this to make the E-rate a reality for our schools," Mr. Clinton said. "This is a big deal."

Reed E. Hundt, the F.C.C. chairman, is the joint board's leading proponent of generous support, quickly granted, for schools and libraries. While only 9 percent of America's classrooms have access to the Internet today, Mr. Hundt talks ambitiously about wiring them all in the next five years.

In his view, the Government should guide technology investment in the interests of social equity. "The dawning of the information age represents an opportunity for equality that we have not enjoyed since Hor-

said.

Other members of the joint board are reluctant to go as far as Mr. Hundt. The board's role, they say, is to devise a plan of balanced economic regulation rather than to champion social change, which could be quite costly. The discounts for schools and libraries will be covered by payments from telephone companies, but those charges will be passed along to phone customers.

The legislation, some members of the joint board note, calls for preferred rates for enhanced telecommunications services but does not stipulate providing services for free.

In addition, Mr. Hundt believes that schools and libraries should have help to pay for wiring up computer networks. But others on the board say the subsidies should only cover services and not equipment.

"There is a concern among several members of the board that we could really balloon the cost of the program," said Rachelle B. Chong, an F.C.C. commissioner. "And ratepayers are all going to have to pay for this."

The Administration estimates that the cost of linking schools and libraries to the Internet would be as much as \$2.5 billion annually for five years. The Consumer Federation of America estimates that would add 50 cents a month, or \$6 a year, to the average American's home phone bill.

The joint board, analysts say, must also develop a formula to insure that schools and libraries in the poorest areas get the most help. Otherwise

biggest beneficiaries.

For schools and libraries, a 50-percent discount for telecommunications and Internet services is a frequently mentioned figure. "But without some sort of means test, the wealthy communities would benefit the most from the discounts because they could afford to purchase the most services," said Mark Cooper, director of research for the Consumer Federation of America.

More than discount-rate telecommunications services, to be sure, will be needed to help close the digital divide between wealthy and poorer communities. The Microsoft Corpo-

The gap between haves and have-nots is in danger of widening.

ration, for example, supports 215 libraries in low-income urban and rural areas. In the program, Microsoft provides hardware, software and training for libraries, which must pay the telecommunications costs themselves.

"The telecommunications is part of the puzzle, but only one part," said Christopher Hedrick, who heads the library program for Microsoft. "Real technology access for poorer

As Seen In The New York Times

THE NEW YORK TIMES **OP-ED** SATURDAY, AUGUST 17, 1996

Electronic Data for All the People

By Paul LeClerc

About once a century, America gets the chance to have its libraries advance our democracy significantly. Such a moment has arrived for the third time in our history.

In 1731, Benjamin Franklin founded the Library Company of Philadelphia, the first library open to the public. Later, he judged its heritage with delight: "These libraries have improved the general conversation of the Americans, made the common tradesmen and farmers as intelligent as most gentlemen from other countries, and perhaps have contributed in some degree to the stand so generally made throughout the colonies in defense of their privileges."

In the late 1800's, Andrew Carnegie gave Americans an unprecedented level of access to information when he started building public libraries across the country. He began in Pennsylvania in 1886; by his

death, in 1919, he had built 1,679 libraries in 1,412 cities and towns at a cost of \$41 million (more than \$1 billion today).

The Carnegie libraries, putting books into the hands of those who could not afford them, helped immigrants assimilate, fostered economic growth and turned generations of youngsters into readers. Today, the country has a remarkable opportunity to use its 15,370 public libraries to transform the nation again, by giving people access to electronically delivered information. Whether these libraries will have the money to do so is another matter. It all depends on the telecommunications rates that the Federal Communications Commission is determining.

The telecommunications law enacted in February includes a provision that could transform the information landscape and be as beneficial to the nation's economic well-being as Carnegie's library program was. It mandates that the telecommunications industry give libraries "affordable" rates. Ideally, this would foster broad access to the Internet and its enormous amount of information.

The pivotal need is that the rates apply to all the electronic connections — telephone lines, cable and wireless — available now and in the foreseeable future.

The New York Public Library began offering Internet services in all of its 87 libraries in November. The response has been overwhelming; it proves yet again that most people neither have nor can afford access to the Internet at home. Of the million electronic searches recorded each month, 150,000 have involved the Internet; the rest involve the library's own electronic information.

This demand justifies the library's plans to increase its number of computer terminals from 2,000 to 3,000 in the next four years, just as it justifies New York City's decision in June to give the library \$2.6 million for the equipment to connect to high-speed transmission lines.

The F.C.C.'s rates will determine whether we can afford such expanded service, which would increase the library's telecommunications bill from \$500,000 to \$1 million a year. An advantageous discount that reduced existing rates would help the library save millions of dollars over the four years.

Libraries need affordable rates.

The needs of a large system like the New York Public Library are different from those of rural libraries. But all, big and small, need deeply discounted rates. Thus, the F.C.C. should make sure that the price that telecommunications providers charge libraries matches the best price given to any commercial customer, with further discounts for low-income and high-cost areas.

Satisfying the needs of Americans for electronic information is as much the role of today's librarian as putting books into the hands of the intellectually hungry was in Franklin's and Carnegie's times. Both men saw the library as essential to individual, collective and democratic well-being. We should be equally far-sighted. □

Paul LeClerc is president and chief executive officer of the New York Public Library.

HeraldLink - Editorials

TO: Carol
+
Lynne

HERALD LINK FULL STORY
Published Monday, October 14, 1996, in the Miami Herald.

Bridge the knowledge gap

AS THE INTERNET GROWS

Many folks can't afford computers and an online service. Libraries and schools can help if...

Who's going to be road kill on the information superhighway? If knowledge is power -- and if the Internet is going to keep causing profound changes in the way knowledge is stored and disseminated -- then the folks most likely to be clobbered are those who lack access to personal computers and the Net.

Who might these have-nots be? Fixed-income senior citizens; small businesses; and the many low- and middle-income families who can't afford personal computers and online services.

They'll be left behind unless the time-proven benefits of free public libraries are adapted to the age of cyberspace. Just as the reading rooms, periodicals, reference books, and circulating collections empowered generations of Americans during the age of print, so can tomorrow's libraries empower by providing access to the Internet.

If they can afford to do so, that is. According to the American Library Association, only 9 percent of the nation's public schools and 28 percent of its libraries currently have access to the Internet. How much access they'll be able to provide may well depend on decisions now pending in Washington.

The Federal Communications Commission is drafting rules to carry out the landmark Telecommunications Act of 1996 -- and rules to guide state regulatory agencies such as Florida's Public Service Commission.

Much is at stake. The new law sets a laudable goal: that every library and school be linked to the Internet. Now it's up to the FCC to decide how such services will be provided -- and at how much of a discount below rates paid by businesses and other users.

Discounted "c-rates" for libraries and schools would be a timely adaptation of the venerable American principle of "universal service." In an earlier America, that principle ultimately led to telephone service and electric power in almost every home -- even homes in areas isolated by geography or poverty. So-called lifeline rates for very basic services helped this society achieve this important goal.

With the Internet there's a glitch: The up-front cost of computers and modems (and the machines' rapid obsolescence) is daunting to many adults who grew up with inexpensively leased phones and electrical appliances that sometimes lasted for decades.

So the obvious way to offer universal service for those who want to surf the Net but can't afford the board is this: Set rates low enough that all libraries and schools can afford to provide public access to the Internet. Otherwise, the gap between knowledge's haves and have-nots could grow dangerously wide.

From Carolyn
Miami Herald
Editorial